



Arnold Schwarzenegger
Governor

April 19, 2010
22M:390:ly:1031

Mr. Stewart Knox, Executive Director
Northern Rural Training Employment Consortium
525 Wall Street
Chico, CA 95928

Dear Mr. Knox:

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
SUMMER YOUTH PROGRAM
FINAL MONITORING REPORT
PROGRAM YEAR 2009

This is to inform you of the results of our monitoring review for Program Year (PY) 2009 of the Northern Rural Training Employment Consortium's (NoRTEC) ARRA Summer Youth Program (SYP). This review was conducted by Mr. Larry Yanni from August 17, 2009 through August 20, 2009. Our review consisted of interviews with your staff and a review of the following items: expenditures charged to the ARRA SYP, oversight of your subrecipients, and procurement transactions. In addition, we interviewed service provider staff, SYP participants, and worksite supervisors, and focused on the following areas of your ARRA SYP: eligibility determination, program operations, participant worksites, participant payroll processing, and oversight.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by NoRTEC with applicable federal and state laws, regulations, policies, and directives related to the ARRA grant.

This report includes the results of our review of sampled case files, the interviews conducted, NoRTEC's response to Sections I and II of the ARRA SYP On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2009.

We received your response to our draft report on November 10, 2009, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed finding one cited in the draft report, no further action

is required at this time. However, this issue will remain open until we verify the implementation of your stated corrective action plan during a future on-site review. Until then, this finding is assigned Corrective Action Tracking System (CATS) number 10031.

BACKGROUND

NoRTEC allocated \$3,880,754 of its \$4,311,949 ARRA youth allotment to serve 900 SYP participants. As of August 31, 2009, NoRTEC expended \$2,328,544 to serve 1,010 SYP participants.

ARRA SYP REVIEW RESULTS

While we concluded that, overall, NoRTEC is meeting applicable ARRA requirements, we noted an instance of noncompliance in the area of attendance and payroll record-keeping. The finding that we identified in this area, our recommendation, and the NoRTEC proposed resolution of the finding is specified below.

FINDING 1

Requirement: California Code of Regulations, Title 8, Division 1, Chapter 5, Group 2, Article 4, Section 11040 (7)(A)(3) states, in part, that every employer shall keep accurate information with respect to each employee including time records showing when the employee begins and ends each work period. Meal periods, split shift intervals and total daily hours worked shall also be recorded. Meal periods during which operations cease and authorized rest periods need not be recorded.

Observation: We observed that NoRTEC's subrecipient, Butte Private Industry Council (PIC), utilizes a timecard that only indicates the total number of hours worked for the ARRA SYP participants. The timesheet does not record meal periods, split shift intervals, or beginning or end times as required.

Recommendation: We recommended that NoRTEC provide Compliance Review Office (CRO) with a corrective action plan, including a timeline explaining how Butte PIC will ensure that, in the future, participants enrolled in the ARRA SYP use a timecard that shows when the employee begins and

ends each work period including meal periods, split shift intervals and total daily hours worked.

NoRTEC Response: NoRTEC stated that Butte PIC agreed to modify their timecard that shows when the employee begins and ends each work period including meal periods, split shift intervals and total daily hours worked. In addition, NoRTEC provided CRO a copy of the new timecard.

State Conclusion: NoRTEC's stated corrective action should be sufficient to resolve this issue and no further corrective action is required. However, we cannot close this issue until we verify, during a future on-site visit, NoRTEC's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 10031.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas included in our review. It is NoRTEC's responsibility to ensure that its systems, programs, and related activities comply with the ARRA grant program, federal and state regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain NoRTEC's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessie Mar".

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Linda Beattie, MIC 50
Daniel Patterson, MIC 45
Jose Luis Marquez, MIC 50
Greg Gibson, MIC 50